



As I sell

FREEDOM OF CHOICE

LAST week, Stanley N. Barnes, chief of the Antitrust Division of the Government, told a House subcommittee in Washington that the Ford Motor Company, the General Motors Corporation and the Chrysler Corporation accounted for more than 95% of the auto market in the first part of this year. He said that the concentration in the auto industry among the "big three" manufacturers is threatening the lives of the independent car makers, and he contended that if this concentration continues "somebody is going to have to do something about it."

A short time ago the Antitrust Division of the Government secured a consent decree from the Eastman Kodak Company concerning the processing of Kodachrome film. In the past, the purchase of Kodachrome film included a processing cost. After exposure, the film was returned to an Eastman laboratory, was processed and returned to the consumer at no additional cost. The Antitrust Division maintained that a monopoly existed in this practice, and Eastman consented to sell Kodachrome film without a processing charge, enabling any other competitors who were willing to set up processing laboratories to compete. The thing that I object to, however, in the Kodachrome case is the statement that within a specified time Eastman must satisfy the court that there is enough competition in color film processing to prevent further court action; if it appears that Eastman still has dominant control of the color field, the court may limit its processing facilities to one-half the country's then existing total capacity.

It seems to me that these two cases are similar in their total disregard for the right of the consumer to choose what he would buy and with whom he would do business. I have always thought that it was within my own prerogatives to decide what kind of a car I wanted to purchase and drive. Merely the fact that certain companies have done such a splendid job in manufacturing automobiles for which the public, without compulsion of any sort, has shown its preference, is certainly no reason for Government bureaucrats in Washington to decide that the public was wrong in assuming that it had this freedom of choice.

I have been an enthusiastic amateur photographer for more years than I care to remember. I have used photographic equipment made in the United States, in Germany and in Japan. I see no reason why, if I prefer processing of Kodachrome

film by an Eastman laboratory, and if more than 50% of the other users of Kodachrome feel that Eastman has developed a process which it is in a better position to service than its competitors, Eastman should hang its head in shame because of the popularity of the very fine service it has rendered, nor do I see any reason why the Federal Government should insist that because the consumer prefers Eastman processing, therefore a monopoly exists and something should be done about it.

I once heard it said that one of the characteristics of a planned economy is that it barks at the rich and bites the poor, and I think there is considerable justification in this description. A planned economy that attempts to distribute business among producers destroys the incentive which is primarily responsible for the constant improvement in man-hour production through better machines and methods. Our high standards of living and our high income per capita, particularly among the production workers, is due primarily to the intense competition which has made one company great while another failed.

I am old enough to remember the thrill of riding in an automobile when there were only 83 licensed cars in the City of St. Louis. From that time to this, more than 1,500 makes of automobiles have come and gone. From my own memory I could list dozens of cars which were fairly popular in their day, the names of which would be totally unknown to the younger generations of car owners. Undoubtedly, an allwise, benevolent Government could have kept many of these car manufacturers in business by preventing the cut-throat competition by means of which the most efficient producers produced cars which the general public, without compulsion, decided it wanted to buy.

What would have been the result had all of these car manufacturers been kept in business? Undoubtedly, we would have today many makes of automobiles, each produced by craftsmen at relatively high cost, making it possible for only the rich to buy. Just so soon as interchangeability of parts was developed for assembly line techniques, it became more or less inevitable that some companies would develop economies which would force other companies out of business and, of course, this is what has happened. The "big three" in capturing 95% of the market have made automobiles so plentiful and cheap that even persons living in slums quite frequently drive cars.

Of course, we could go back one step further before the advent of the automobile, when there were many men employed in the United States in the manufacturing of carriages, buggies and wagons. Isn't it too bad that Theodore Roosevelt didn't get the idea popularized by Franklin Roosevelt, that carriage and wagon makers were entitled to parity prices, which would have enabled them to have stayed in the occupations for which they were trained and maintained their standards of living, with the Government buying the surplus of unsalable carriages and wagons? This might have had the further advantage of creating a demand for storage space in the United States so great that it would have brought on one of the biggest construction booms in history, with all of the advantages which are generally ascribed

to booms. It might have had the other advantage of having used up so much storage space that none would have been available for the equally silly parity situation in which we find ourselves now for agricultural products.

I belong to that outmoded school of economists that believes that the purpose of the producer is to produce, and of the distributor is to distribute. I believe that the market belongs to the producer who can produce the best product at the lowest cost. The fact that the public prefers his product, and therefore buys it to the exclusion of his competitor, is to me no reason why he should develop an inferiority complex. To me, BIGNESS IS NOT BADNESS.

One other advantage, and to me this is a tremendous advantage, is that the profits of industry and trade go to those firms and individuals who have proved their efficiency. I would far rather trust the profits for reinvestment with the concern which has proved that it can manufacture what the public wants at the price it is willing to pay, than see these profits diverted to the inefficient whom the public ignored.

In many ways this is the same problem which we had 25 or 30 years ago, when the crying towel was being passed around for the poor independent grocer, and we were told that he was being put out of business by the chain stores. I said then, and I have said many times since, that the independent grocer was put out of business by the housewife who spent her money without compulsion in the store where she was offered the greatest selection at the lowest price. Believing as I do that the purpose of the distributor is to distribute, the distributor who could distribute most efficiently was entitled to the business and, in spite of the bucketfuls of tears that have been wasted, the chain stores are now doing the great majority of the business. I think it would be hard, however, to convince A & P, Safeway and Kroger that competition has ceased since the supermarket has replaced the corner grocery. In my opinion, as the distributing units have become greater, competition has become keener, the need for efficiency greater, and the consumer has profited by better goods at lower prices.

I would not like anyone to think that I am opposed to the Sherman Antitrust Act. I have expressed myself many times in our reports in favor of this act, and I attribute to it, and to the competition which it has maintained, much of the efficiency which we have developed in contrast to a lesser efficiency which has been developed in England and in other countries where it has been legally possible to fix prices and divide territory. I am very much opposed, however, to the idea present in many of the antitrust decisions, that bigness of itself is bad.

The progress of the past has always depended on a few gifted individuals and not on the multitude. One Edison or one Ford has done more to advance civilization and to increase standards of living than millions of individuals who have been interested primarily in the immediate things that they could see and hear.

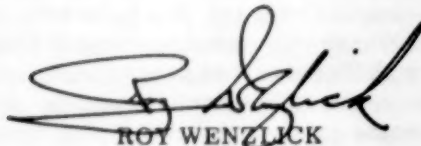
It would be relatively simple to make up a list of not over 200 names of people

who are responsible for initiating the great achievements in human history. Erase the names of these men and the changes they originated, and relatively little progress would be left. The multitude has always followed in the highway. It has always been the genius and the hero who broke the trail.

All governments have preferred conformists among their citizens. They obey without question and believe that whatever the majority thinks is right, especially if the majority opinion has government sanction. They are not interested in innovations, and in many cases could take as their national motto "He who walks backwards will never stub his toe."

In contrast, the nonconformist has always been responsible for progress. It is true that he is difficult to manage. He is constantly testing the things that are, and he is quite frequently the opponent of the status quo. In his attempt to test all paths he quite frequently trips and falls on his face, and occasionally he walks over a cliff. In his attempt to experiment he may lose a finger or two, but through it all he has a tremendous curiosity which is never satisfied. The one thing he insists on is his freedom of choice.

I am hoping that I will live long enough to see the Federal Government desist in its attempts to replace the judgment of the individual with some directive from Washington. I still think that I am the best judge of what I want and what is best for me, and I am not willing to delegate this decision to a paternalistic government.



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